

**ASARCO**

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ASARCO Incorporated**2575 E. Camelback Road, Ste. 500****Phoenix, Arizona 85016-4240****FAX Cover Sheet****March 22, 2002**

To: Ms. Carol Rushin
Assistant Regional Administrator
US Environmental Protection Agency
Region 8

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Office of Enforcement
Compliance & Environmental
Justice

Comments:

The original of the following transmittal will be sent to your attention via U.S. mail.

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Douglas E. McAllister
Vice President
General Counsel & Secretary

March 19, 2002

VIA FACSIMILE

Carol Rushin
Assistant Regional Administrator
US Environmental Protection Agency
Region 8
999 18th Street, Suite 500
Denver, Colorado 80202-2466

Dear Ms. Rushin:

Thank you for meeting with Don Robbins, Jon Nickel and me on March 8, 2002 to discuss cleanup matters at East Helena and our efforts to prioritize our remediation work across the country. I appreciated your directness and candor in the meeting. We understand and agree with your view that the individual regions are key players in the process of defining the menu of priority projects to be addressed this year. We still are searching, however, for a way to maintain a global perspective in the process.


As an example consider the residential soil program. In our discussions with several other regions (e.g. VI, VII, X) Asarco knows that EPA considers lead in soil cleanup to be an important mission. The question arises whether the view of the EPA Montana office regarding the remediation of road aprons and drainageways as an essential component of the cleanup is a view shared by other regions. If so, in this environment of scarce company resources, this work will take dollars away from encapsulating high-risk smelter debris elsewhere. As Asarco continues to work these issues out, we look forward to working with you and your staff to find an approach that will allow Asarco to spend its scarce remediation dollars on the highest priority projects.

I believe Jon, Don and I came away from the meeting with a new view of the criticality that EPA has assigned to the Permeable Reactive Barrier (PRB) project. With the recent concern over arsenic in groundwater at East Helena, Asarco recognizes the need to look at the most likely remedies for dealing with this problem. I understand that during the week of March 25, Jon Nickel and Asarco's contractors will be meeting with Ms. Susan Zazzali and others to discuss groundwater remedies and in particular the PRB project. Asarco is committed to giving support of this project very serious consideration.

Since our meeting with you, we have completed the task of providing financial information to EPA and the Department of Justice (DOJ). Attached for you information is a letter I sent to managers at EPA and DOJ again requesting assistance. We hope we can have a meeting soon with key headquarters and regional personnel to reach agreement on priority work for this year.

Thank you again for your time and effort to help Asarco work through these difficult issues. If I can answer any questions you may have on our progress, do not hesitate to contact me at 602-977-6507.

Sincerely,



Douglas E. McAllister

Enclosures

DEM/km

cc: Suzanne Bohan
John Wardell



Douglas E. McAllister
Vice President
General Counsel & Secretary

March 19, 2002

Via Facsimile

Mr. Bruce Gelber
Section Chief
Environmental Enforcement Section
U.S. Department of Justice

Mr. Barry Breen
Director
Office of Site Remediation Enforcement
U.S. Environmental Protection Agency

Mr. Larry Reed
Deputy Director
Office of Emergency and Remedial Response
U.S. Environmental Protection Agency

Re: ASARCO Incorporated

Gentlemen:

I am writing to again request assistance from your offices in an effort to extend over a longer period of time the financial burden of Asarco's remediation responsibilities in light of Asarco's current financial condition. Last week Asarco completed three days of depositions directed at providing EPA and the Justice Department with the information they requested in order to reach an informed decision with regard to the company. We believe that this week we will be able to complete the production of documents requested by the government. At the end of the depositions we discussed a number of items with David Dain of the Justice Department that we are confident will be fully presented to you. Nevertheless a few major points are of sufficient importance and sensitivity to the company that we wanted to emphasize them to you directly.

Your letter of February 1, 2002, expressed concern that Asarco had not provided sufficient information to enable you to analyze our request. While we did not share that view, Asarco has proceeded to respond promptly and fully to recent requests from the Department of Justice for additional information, including providing detailed information supporting our financial projections, detailed information relating to the proposed transaction involving the Southern Peru Copper Corporation stock, and copies of documents provided to the banks with whom Asarco has been negotiating for relief from its financial obligations. In addition, our witnesses provided three full days of deposition testimony, which included responding on an overnight basis to additional requests for documents and information. We trust we have demonstrated Asarco's cooperation in providing the information that the government wanted to reach a position in this matter. As there is obvious urgency in concluding an agreement with the Government, we are hopeful that the Government does not plan on undertaking additional discovery.

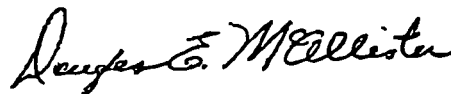
We were somewhat concerned during the depositions with questions asking for the names of various persons outside Asarco, including representatives of the banks with whom Asarco is negotiating, suggesting the possibility that future inquiries might be directed to such persons. We asked Mr. Dain about this at the end of the deposition and he informed us that it is not his present intention to contact the banks and we requested, should that intention change, that he notify us prior to any such contact. In our view, an effort by the Government to contact the banks would not only be unnecessary but could also produce unfortunate consequences, if such a move interfered with Asarco's efforts to negotiate a successful resolution with the banks. Both Asarco and the Government stand to lose should our discussions with the banks fail. We trust you will give careful consideration to the potential consequences before initiating such contacts. In the event such contacts were to occur and to interfere with our discussions with the banks, Asarco, of course, reserves all of its rights.

The information that we have provided to the Government has included proprietary business information of the highest degree of sensitivity. We appreciate the Government's commitment to keep such information confidential. Particularly in light of the fact that there have been some reports in the press concerning Asarco and its posture vis-à-vis the Government, we trust that you will be especially vigilant to ensure that none of the information that we have provided is misused.

Finally, we would be interested in learning as soon as practical what conclusions the Government and its experts have formed on the issues that exist here. We have been forthcoming with our information and trust that the Government will do likewise and provide us with the views of its consultants and experts, so that we can be in a position to respond intelligently and hopefully move forward to a satisfactory resolution of these issues.

Asarco appreciates the Government's willingness to consider our request and looks forward to continued discussions with you.

Sincerely,



Douglas E. McAllister

cc: David Dain, Esq.
Joe Tieger